

## **103 KAR 26:090. Veterinarians and pet care service providers.**

RELATES TO: KRS 139.010, 139.200, 139.260, 139.290, 139.480, 42 U.S.C. 12101

STATUTORY AUTHORITY: KRS 131.130

NECESSITY, FUNCTION, AND CONFORMITY: KRS 131.130(1) authorizes the Department of Revenue to promulgate administrative regulations for the assessment, collection, refunding, administration, and enforcement of Kentucky tax laws. This administrative regulation interprets the sales and use tax law as it applies to transactions involving veterinarians and pet care service providers.

Section 1. Definitions. (1) "Pet care services" means non-medical services performed for the benefit of pets and other companion animals such as the services listed in KRS 139.200.

(2) "Small animal veterinary services" means:

(a) All activities related to the wellness, diagnosis, or treatment of pets and other companion animals performed by veterinarians or other persons in support of the veterinary services provided; and

(b) Does not include veterinary services that are excluded under KRS 139.200.

Section 2. Small Animal Veterinary Services. (1) Small animal veterinary services are subject to sales tax pursuant to KRS 139.200.

(2) The list in this subsection shall serve as general examples of small animal veterinary services:

- (a) Bloodwork;
- (b) Dentistry and teeth cleaning;
- (c) Emergency care;
- (d) Euthanasia services (excluding cremation);
- (e) Health and wellness examinations;
- (f) Laboratory testing and examination of lab work;
- (g) Surgical procedures;
- (h) Prescriptions for medicines and treatments;
- (i) Preventive care;
- (j) Spaying/neutering;
- (k) Vaccinations; or
- (l) X-rays and ultrasounds.

Section 3. Animals Treated by Small Animal Veterinary Service Providers. The list in this section shall serve as general examples of the types of animals treated by small animal veterinary service providers:

- (1) Birds, except poultry and ratite birds;
- (2) Cats;
- (3) Dogs;
- (4) Ferrets;
- (5) Gerbils;
- (6) Guinea pigs;
- (7) Hamsters;
- (8) Rabbits;
- (9) Reptiles; or
- (10) Turtles.

Section 4. Tangible Personal Property, Digital Property, or Services Purchased by Small Animal Veterinary Service Providers for Resale. (1) Effective July 1, 2018, a small animal veterinary service provider may purchase tangible personal property or digital property, which is for resale to an end customer, exempt from the sales and use tax according to the provisions of KRS 139.260. Examples include items such as:

- (a) Items sold at retail, such as prescription and non-prescription dog food, animal shampoos, collars and toys;
- (b) Medicines, vaccines, surgical sutures, flea treatments, and anesthetics injected into or remaining with the animal; and
- (c) Food supplied to the animals while under veterinary care or while providing pet care services exempt for resale.

(2) Effective July 1, 2019, a small animal veterinary service provider may purchase small animal veterinary services exempt for resale to the end customer according to the provisions of KRS 139.260. An example of a service for resale is a lab-testing service which is requested by a small animal veterinary service provider for a specific customer. The bill from the laboratory to the small animal veterinary service provider shall indicate the service performed for the specific customer. The resale exemption only applies to services that are specifically resold by the provider to the customer.

(3) The small animal veterinary service provider shall issue the Resale Certificate (Form 51A105) or the Streamlined Sales and Use Tax Certificate (Form 51A26) for the purchases made for resale.

(4) Small animal veterinary service providers are the consumers of the materials, supplies, and general services used or consumed while providing veterinary services. Providers of small animal veterinary services may not claim a resale exemption on purchases of products used or consumed while providing veterinary services. Examples of these items include items such as surgical tools, tables, paper towels, syringes, needles, lab testing kits, general supplies, and janitorial services.

Section 5. Veterinary Services Provided for Animals Excluded from Small Animal Veterinary Services. (1) Veterinary services for animals excluded from small animal veterinary services are not subject to sales tax and the providers are the consumers of the tangible personal property, digital property, or services that they use in performing their services.

(2) As the consumer, providers of veterinary services for animals excluded from small animal veterinary services are responsible for paying the applicable sales and use tax on all products used in performing their services including any medicines, vaccines, surgical sutures, flea treatments, anesthetics, surgical tools, tables, paper towels, syringes, needles, general supplies, and taxable services that are used or consumed in the provision of their veterinary services.

Section 6. Mixed Veterinary Practices. (1) Persons providing both small animal veterinary services and veterinary services for animals excluded from small animal veterinary services shall maintain records in a manner that documents and distinguishes the specific products and supplies used while rendering both types of veterinary services.

(2) Persons providing both types of veterinary services may issue a resale certificate for tangible personal property held in inventory if it is unknown at the time of purchase whether the property will be resold or used in the provision of veterinary services not subject to sales tax. If any portion of the tangible personal property is used or consumed in the provision of veterinary services not subject to sales tax, then the purchaser shall report and pay the sales and use tax on that portion directly to the department according to the provisions of KRS 139.290.

Section 7. Pet Care Services. (1) Pet care services are subject to sales tax pursuant to KRS 139.200. Any person, including a veterinarian that provides pet care services is subject to the sales tax on the gross receipts derived from the provision of these services.

(2) Pet care services include services such as the services listed under the provisions of KRS 139.200.

(3) Persons providing pet care services are the consumers of the tangible personal property, digital property, or services they use in performing their services.

(a) Pet care service providers may not claim a resale exemption on purchases of products used or consumed while providing their taxable services. Examples of these items include items such as grooming equipment, shampoo, toothpaste, toys, bedding, and general supplies.

(b) Pet care service providers may claim a resale exemption on purchases of products provided to and remaining with the animals. Examples of these items include items such as flea treatments, food, and treats.

Section 8. Treatment of other transactions. (1) Pet adoption fees are taxable receipts subject to sales and use tax. Payment of these fees is consideration made for the transfer of tangible personal property in a retail sale.

(2) Services provided to service animals covered under the Americans with Disabilities Act (ADA), 42 U.S.C. 12101 et. seq. and any amendments to the act, are not small animal veterinary services or pet care services subject to sales tax.

(3) Services provided to farm work stock animals that are exempt under the provisions of KRS 139.480 are not small animal veterinary services or pet care services subject to sales tax. (SU-78; 1 Ky.R. 229; eff. 1-8-1975; TAm eff. 5-20-2009; TAm eff 6-22-2016; 46 Ky.R. 574, 1087; eff. 11-1-2019.)